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MTA BOARD APPROVES SUPERVISOR RIDLEY-THOMAS' MOTION TO AUDIT THE AGENCY'S LEGAL COSTS

LOS ANGELES -- Acting on a motion by Supervisor Mark Ridley-Thomas, the Metropolitan Transportation Authority (MTA) today unanimously directed the agency's Inspector General to audit the agency's spiraling legal costs and litigation management practices.

Supervisor Ridley-Thomas introduced the audit, co-authored by Los Angeles Mayor Antonio Villaraigosa, in an effort to rein in litigation costs.

"The MTA is facing a \$250 million deficit in its operating budget this year," Supervisor Ridley-Thomas said. "The Board and agency need to be judicious about how public funds are spent on litigation."

The Supervisor said legal costs in several MTA cases involving disputes with contractors have exceeded \$10 million. He said that in one case, \$30 million was spent – a third of the money without the approval of the MTA Board.

"The thrust of the motion is to not ensure the ball is not hidden from the Board," Supervisor Ridley-Thomas said during today's board hearing.

He said the audit is not intended to focus on any particular case. It will be restricted to cases during the past five years in which the MTA's legal costs exceed \$200,000.

Audit findings will be publicly disclosed only in cases that have been closed so that MTA lawyers are not put at a disadvantage. However, the MTA Board could be briefed in closed session about ongoing cases.

Supervisor Ridley-Thomas noted the issue of MTA legal costs is not new. Six years ago, the California Bureau of State Audits concluded the MTA could use certain management tools – such as case plans and budgets – to control costs.

The new audit will include payouts by the MTA, outside counsel costs, litigation expenses, County Counsel costs, and the type, nature and category of the claims. The motion also calls for an evaluation of the MTA's current policies, procedures, and practices; case management practices and supervision; risks management; and communication with MTA Board members.

The findings will be presented to the MTA Board no later than June.

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